

The Taskforce on Hotels & Lodging Sustainability Standards (**Taskforce**) was established by the [Energy & Environment Alliance \(EEA\)](#) to achieve global, industry-wide agreement on specific sustainability-related standards, financial metrics, and benchmarks (**Standards**) for the hotels and lodging sector (including serviced apartments) (**Sector**). The Taskforce aims to lead an inclusive and transparent process aligned with the work of the [IFRS Foundation](#)¹ / [ISSB](#)² and to support proposed revisions to the former [SASB sector-specific standards](#) for the Sector. The EEA is the only trade body in the world, which is carrying out this critical initiative in partnership with the IFRS Foundation and the ISSB.

In addition to engaging with regulators, the Taskforce will benefit from the input of [CRREM](#) (Carbon Risk Real Estate Monitor), [BREEAM](#) (Building Research Establishment Environmental Assessment Methodology), King's College London and other technical experts, to test the effectiveness of outputs including industry descriptions, definitions, disclosure topics, metrics, and technical protocols. The EEA will fund the development and ongoing revisions to Taskforce outputs by licensing materials for use by the Sector.

The Taskforce is currently in phase 1 - oral consultations. Phase 2 starts in July and ends in January 2026, during which time, written consultations within our Sector will take place, internationally. As part of Phase 3, the EEA will formally present its report to the IFRS Foundation, the ISSB, the [European Commission](#), national governments and key global institutions.

Over 150 delegates at the EEA's Annual Symposium took part in an oral consultation on 25 February 2025 with a Board Member of [USALI.eu](#), [Corey Walrod](#) ([IFRS Foundation](#)) and the Asian American Hotel Owners Association - all in one room (albeit some virtually) to discuss the challenges facing our Sector with setting the Standards which foster investor company dialogue and to discuss what those Standards should look like, so that they are:

- (i) **Decision useful sustainability related disclosures** - assurable to meet the information needs of investors);
- (ii) **Cost effective** - enabling investors to compare, globally, comprehensive information about sustainability related risks and opportunities; and
- (iii) **Material** - designed to meet investor information needs across global capital markets.

This note summarises the background to the Taskforce, some of the key discussion points from the Symposium in a Q&A format and seeks your input on the proposed Standards as a formal part of this critical, global initiative.

Background to the Taskforce

Global Market Resilience

There are direct links between the health of the planet, and the health of the economic and financial system. As climate risks and biodiversity losses rise (acute or chronic manifestations), so too does the risk of direct impairment to real estate values and to our Sector's cash flows. Physical and transition risks are expected to impact a significant number of hospitality assets globally. In the near and mid-term, energy, water, CO2e emission levels (relative to national requirements), access to labour, resilience of the value chain, plus technological advancements and changes in consumer behaviours will have a continually rising impact on asset values.

¹ The International Financial Reporting Standards (IFRS) and International Sustainability Standards Board (ISSB) are supported by the International Organization of Securities Commissions. They are responding to the demands of the G7, G20 and Financial Stability Board to develop standards that will result in a high-quality, comprehensive global baseline of sustainability disclosures focused on the needs of investors and the financial markets.

² The Institute of Sustainable Studies published its first two IFRS Sustainability Disclosure Standards, announced at COP26, in 2023, namely [IFRS S1 and S2](#). These standards strive to establish a worldwide baseline of investor-focused impact reporting that local jurisdictions can build on.

The ability of financial markets including insurers, lenders, and investors, to make necessary price corrections over time and consequently accelerate sustainability action, relies on audit grade data and effective benchmarks. Coupled with greater transparency, globally accepted Standards will have a significant impact on improving investor and asset manager decisions (strategic planning, risk management and capital allocation decisions) in our Sector. Uniform reporting standards and metrics will also facilitate better informed consumer purchasing decisions, particularly, the business and corporate travel market (where it is estimated that Europe alone spends €120 billion annually).

The Role of Sustainability Reporting Standards for the Sector

Given the significance of climate and sustainability risks and opportunities on a company's prospects the development of effective and uniform reporting Standards are critical to the resilience of the global financial system. The ongoing evolution of general standards is driving a paradigm shift in asset management and operational management of real estate in our Sector. Investors and managers are seeking guidance on reliable, auditable, comparable and industry relevant benchmarks. The EEA firmly believes that working with the IFRS/ISSB and regulators including the European Union, is the most effective and timely way to achieve uniform sustainability reporting and disclosure requirements for our Sector.

Why is it important to have one set of global standards for the Sector?

Given the surge in climate risk, real estate values and hotel finance face mounting threats. Financial markets need accurate, audit-grade data and reliable benchmarks to drive necessary pricing shifts and speed up sustainability efforts. Global Standards for our Sector will bridge the gap between green practices and investor demands for material information - it is necessary to identify the disclosure topics and metrics that likely constitute material information.

Issues Discussed During the Symposium

Why have specific Standards for the Sector?

Industry specific Standards and disclosures are decision critical, surfacing the most relevant information to investors and other providers of capital. Different ESG related issues vary drastically by industry so it is important that companies focus on reporting on material issues that affect their business and minimise the noise on irrelevant information. Investors analyse companies and portfolios by industry and sector

Hospitality assets operate 24 hours a day, every day of the year. If they were to be compared to other assets e.g offices which generally operate only during 'office hours' in a 'working week' and without the heavy reliance on other utilities such as water, the Sector would perceivably be under-performing. Once the Standards are implemented, investors and other stakeholders will be able to compare the ESG performance of assets, on an equal playing field.

Key characteristics for the Data

Data has to be (i) measurable (ii) verifiable (iii) financial (i.e. it is possible to ascribe a dollar value to it), and (iv) material (i.e. information is material if omitting, mistaking or obscuring it could reasonably be expected to influence investor decisions). The methods used to measure and verify the Data must be consistent, otherwise, inconsistency in methodologies leads to data discrepancies.

The Data must be verifiable - the collection of unreliable Data results in unreliable reporting. However, It is important to focus on actual implementation of the multi-facets of ESG and find ways to make Data collection and verification more efficient.

What period should be used as the baseline to compare the Data?

Delegates at the Symposium suggested Q1 2020 (i.e. the start of Covid) as the appropriate baseline. However, as the Sector comprises such a vast array of asset classes, some classes (such as serviced apartments, which performed well during Covid).

What challenges does the Sector face in collecting Data and the Standardisation of Metrics?

Multi-faceted assets: the Sector is one of the most complex and dynamic industries, comprising a vast array of assets located in micro-geographical locations, each of which have their own operational and ESG challenges. For example, a 5* luxury lifestyle resort in Majorca (comprising a spa, multiple swimming pools, multiple F&B offerings and a large workforce etc) would have a different focus on ESG, if compared with a budget hotel in Central Paris.

Standardisation: there are too many acronyms and regulation around the world coming at the Sector like an avalanche. It is crucial to ensure that the Standards speak to USALI and vice versa.

Costs: the Sector is already under immense pressure to keep operating expenses and capex under control.

Utilities sourced from local municipalities / councils: some utilities are sourced directly from local municipalities (unmetered) where the cost is included in taxes. For example, taxes pay for all cooling and heating in Paris and water in Montreal. It is currently impossible to obtain Data from such municipalities the usage of such utilities, how such utilities are sourced and the processes involved in their production, resulting in operators being unable to accurately report on their Scope 1 emissions.

Collection of Data: some operators do not have automation in place to collect Data from various internal / external teams or repositories. For some operators and brands, collection of Data is a costly, time consuming manual exercise, with collection of several sources. Some described it as a 'full time job'.

Costs: capex is required to ensure that an asset's BMS talks to its PMS and that the two systems are integrated, to automate what would otherwise be manual tasks e.g. temperature control, maintenance alerts, lighting controls. Although there is an initial capex investment required, opex savings can be immediately realised.

Education: as Data is required from each hospitality asset, it is crucial to engage General Managers and operating teams in the process of Data collection. These stakeholders should understand why the Data is required and how to repair any BMS, PMS or integration systems.

Seasonality: this should be factored into the Standards, as this clearly has an effect on every asset.

Hotels & Lodging and Leisure Facilities SASB Standards

Disclosure topics	Example SASB Standards Metrics	Comments from the Symposium
Energy management*	(1) Total energy consumed (2) percentage grid electricity (3) percentage renewable	<p>Include - (i) identify the source of energy (ii) measure self-generated energy (iii) measure use of all types of energy per square meter internally and externally</p> <p>This is the most important metric for investors which should be easily accessible and accurate. Energy management presents both a risk (if poorly managed and from non-renewable sources) and an opportunity (to cut opex).</p>
Water management*	(1) Total water withdrawn (2) total water consumed - percentage of each in regions with high or extremely high baseline water stress	<p>Include - (i) an appropriate metric might be water use per guest (ii) split water management into operational use, and recreational use (iii) is the asset a net producer or</p> <p>After energy management, this is the second most important metric for investors.</p>
Ecological impacts	Number of lodging facilities located in or near areas of protected conservation status or endangered species habitat	<p>Include - (i) pollution (ii) land use and land-use change (iii) resource exploitation (iv) introduction of invasive non-native species (v) biodiversity and ecosystem protection - invest in ecosystem restoration and reduce impact on local wildlife and habitats (vi) consider the impact on carbon sinks (whether on land or in water).</p>
	Description of environmental management policies and practices to preserve ecosystem services	<p>This Standard would be difficult to measure and compare, as results would vary drastically depending on the micro-location of each asset and classification. Assets starting from a lower baseline could achieve a higher net biodiversity gain compared to those who are already on their path. Science based targets on measurement of ecological impacts may be the most appropriate measuring tool, but must be subject to the asset's micro-climate location and its classification. There is growing interest amongst investors for improved disclosures in relation to this metric.</p>
Customer Safety	(1) Fatality rate and (2) injury rate for customers	<p>Include - (i) both the fatality and injury rate for customers should be allocated to appropriate reasons e.g. unavoidable accident / negligence / physical damage from the asset (ii) cyber-security (iii) indoor and outdoor environmental quality (iv) expand this metric to include customer engagement and measure customer participation / satisfaction with sustainability efforts</p>
	(1) Percentage of facilities inspected for safety (2)	

	percentage of facilities that failed inspection	
Labour Practices (including policies and programmes to prevent worker harassment)	(1) Voluntary and (2) involuntary turnover rate for lodging facility employees	Include - (i) education (ii) involuntary turnover rate for Sector employees (iii) workforce health and safety is paramount (iv) modern slavery - disclosures on e.g. payment of front line staff is paramount and indicative of the culture within operations (v) widen this to include community engagement
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	This is a very important metric for investors, affecting all sizes and types of assets - hospitality is a people business. However, measurement is very difficult due to cultural differences around the world and completion of engagement surveys by the workforce.
	(1) Average hourly wage and (2) percentage of lodging facility employees earning minimum wage, by region	
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for direct employees, and contract employees	Include - (i) implement effective health and safety (H&S) protocols, compliant with local laws (ii) train the workforce in H&S (iii) surveys to measure stress, burnout and satisfaction with H&S initiatives (iv) frequency of emergency response
Climate Change Adaptation*	Number of lodging facilities located in 100-year flood zones	Include - (i) energy efficiency and renewable energy (include % energy from renewable sources, reduction in energy and carbon footprint per guest stay (ii) water management (consumption, recycled, water-efficiency) (iii) disaster preparedness and risk management (iv) sustainable procurement and supply chain (sustainable food sourcing and circularity in FF&E and OS&E)
Waste Generation		Include - this was not previously included as a stand-alone metric but should be as it goes to the heart of financial and material Data. (i) Total (of all) waste sent to landfill (ii) food waste (iii) energy (iv) water (v) (elimination of) single use plastics (vi) FF&E and OS&E which cannot be up-cycled or repurposed.

Please do not hesitate to get in touch with either of the following if you have any comments, suggestions or queries in relation to the contents of this note:

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